

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 AGR-05 FEA-01 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-01 EPG-02 AID-05 SS-15

STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

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R 131433Z MAY 77

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC 6603

LIMITED OFFICIAL USE TEGUCIGALPA 2160

E.O. 11652: N/A

TAGS: ETRD, CIEC, EGEN, HO

SUBJECT: RESULTS OF EMBASSY REPRESENTATION ON CIEC

REF: (A) STATE 090658, (B) STATE 090659

1. AMBASSADOR BECKER AND ECONOFF PRESENTED U.S. VIEWS ON CIEC AS REQUESTED REFTELS. GOH OFFICIALS PRESENT INCLUDED GUILLERMO BUESO, PRESIDENT OF CENTRAL BANK; VICENTE DIAZ, ECONMIN; PORFIRIO ZAVALA, FINMIN; ARTURO CORLETO, PLANNING DIRECTOR; CESAR BATRES, ADVISOR TO CHIEF OF STATE.

2. FOLLOWING SUMMARIZES GOH COMMENTS ON SPECIFIC TALKING POINTS AS STATED REF A.

A. TRANSFER OF RESOURCES. BUESO WELCOMED THIS EXPRESSION OF U.S. VIEW AS AN INDICATION THAT U.S. WOULD IN FUTURE MORE STRONGLY SUPPORT AN INCREASE IN IBRD CAPITAL. HE CITED NEED FOR IDA REPLENISHMENT AND REFERRED TO RECENT LDC THRUST IN INTERIM COMMITTEE MEETINGS AT WHICH CLIMATE SEEMED FAVORABLE, WITH U.S. AND FRG MOST RESPONSIVE. HE LAMENTED THAT IDA CAPITAL INCREASE COULD NOT BE CLOSER TO \$12 BILLION REQUESTED BY LDCS, AND THAT ASIAN COUNTRIES DID NOT TAKE MORE ACTIVE INTEREST IN THIS MATTER.

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B. DEBT RELIEF. MERIT OF U.S. AND EUROPEAN PROPOSALS FOR RELIANCE ON PRIVATE FINANCIAL FACILITIES SUPPLEMENTED BY IMF STANDBY AND IBRD GUARANTEES--ESPECIALLY FOR SMALLER LDCS--WAS ACKNOWLEDGED. GOH WOULD NOT WANT PROPOSALS TO BE REJECTED. IT WOULD, HOWEVER, PREFER A MORE SPECIFIC MECHANISM.

C. COMMODITIES. GOH SUPPORTS COMMON FUND PROPOSALS AND IS ENCOURAGED BY PROGRESS IN SUGAR NEGOTIATIONS IN GENEVA.

D. STABILIZING EXPORT EARNINGS. GOH DESIRES TO SEE AN EXTENSION AND LIBERALIZATION OF IMF COMPENSATORY FINANCING FACILITY. BUESO NOTED THAT IT IS AVAILABLE NOW ONLY WHEN EXPORT EARNINGS DECLINE AND THAT PRESENT RESTRICTIONS LIMIT ITS AVAILABILITY. HE SUGGESTED CONVERTING IT TO A FLOATING FACILITY, RESORT TO WHICH WOULD NOT REDUCE AVAILABILITY TO OTHER B/P ADJUSTMENT. HE ALSO EXPRESSED HOPE FOR FINALIZING PRESENT TEMPORARY AGREEMENT FOR INTERIM INCREASE OF UP TO 45 PERCENT OF ONE-FOURTH OF CREDIT TRANCHE WHILE WAITING FOR CFF. GOH SUPPORTS B-4 STATEMENT REF A.

E. ENERGY. GOH POLICY IS TO RETARD RATE OF INCREASE OF PETROLEUM IMPORT NEEDS WITHOUT RESTRAINING ECONOMIC GROWTH. IT WILL ATTEMPT TO TRANSFER TO FINAL CONSUMER THE REAL IMPACT COST OF FUELS AND TO LESSEN DEPENDENCE ON PETROLEUM BY DEVELOPING HYDRO-ELECTRIC AND GEOTHERMAL POTENTIAL.

F. TRADE AND SUGAR. GOH WELCOMES U.S. INITIATIVES DESCRIBED IN THESE TALKING POINTS.

BECKER

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Message Attributes

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Sent Date: 13-May-1977 12:00:00 am
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Disposition Approved on Date:
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